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Supreme Court of the United States

OCTOBER TERM, 1953.

No. 363

STRONGHOLD SCREW PRODUCTS, INC.,
Petitioner,

vs.

THE INDEPENDENT NAIL & PACKING CO., INC.,
Respondent.

PETITIONER'S REPLY BRIEF.

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THE GUTHRIE-WARREN PRINTING COMPANY, CHICAGO

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PETITIONER'S REPLY BRIEF.

Respondent's Brief, following the classic pattern, attempts unsuccessfully to belittle this case of sweeping significance as simply another contest concerning two competing litigants. It speaks darkly of a long record, and hides a collection of half-truths and unsupported innuendoes. These tactics are apparently dictated by a hope that the Court will not consult the Record prior to granting or denying Petitioner's plea.

Admittedly, an unjust decision in an individual case does not in itself justify the granting of certiorari by this Court, but this Petition is supported by more than mere resentment of an unjust reversal by a Court of Appeals.

This petition presents issues of paramount public importance. That this statement is no litigant's extravagance is

shown by this list of fundamental questions which press for authoritative answers:

(1) Does the Lanham Act alter or abrogate this Court's classic prohibition against monopolizing descriptive words as trade-marks, as clearly delineated in landmark decisions by this Court?

(2) Do the infringement provisions of the Lanham Act permit the granting of injunctive relief to a registrant in the absence of a finding of actual confusion?

(3) Did the Lanham Act create a national law of Unfair Competition or is the principle of *Erie* v. *Tompkins* still controlling in this field?

(4) May Rule 52(a) be applied differently in trade-mark (and patent) cases from its application in other cases in the federal courts?

(5) May explicit and clear rules of law be cast aside and homey slogans of "old-fashioned honesty" be substituted in deciding trade-mark cases?

These questions vex and perplex the lower federal courts in reaching decisions and the bar in advising the public. This Court has not spoken on technical trade-mark law since 1938,[1] and has not as yet interpreted the basic sections of the Lanham Act—The Trade-Mark Act of 1946. An authoritative statement from this Court is desperately needed in the interests of uniformity, stability and justice.

This brief will demonstrate this need.

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1. *Kellogg Co.* v. *National Biscuit Co.* (1938), 305 U. S. 111. *Bulova Watch Co.* v. *Steele* (1952), 344 U. S. 280 dealt only with the extra-territorial operation of the Lanham Act.

The Presence of This and Other Trade-Mark Cases Now Pending in This Court Afford a Providential Opportunity for an Authoritative Restatement of Trade-Mark Law As It Affects Our Present Economy.

To date, at least eleven petitions for certiorari in trade-mark cases have been filed for consideration at the present term of Court. These cases for the most part have been presented by the abler lawyers in the field. It is lamentable that sufficient confusion should prevail in the field as to require so many to seek clarification because of a lack of consistency of decision by the Courts of Appeal.

While this flood of petitions is symptomatic of confusion in trade-mark law, at the same time these cases afford a providential opportunity for this Court authoritatively to clarify and restate the law. Available in this and the other cases now before this Court are the principal issues aggravating the confusion.

Few will deny that trade-mark law involves and powerfully affects all industry and business in the United States. It is practically the only area in business in which monopolies are permitted in perpetuity. Because of this fact, the rules of law by which the monopolies are regulated must be continually up-dated and maintained in crystal-clear form to avoid injustice to the general public.

The Issues of Public Importance Here Must Not Be Obscured by Respondent's Misstatements That Petitioner's Employment of the Descriptive Word Stronghold Caused Confusion and That Respondent Did Not Apply the Word Descriptively to Its Products.

Respondent asserts in its brief that the Record shows that,

(1) Confusion in the trade resulted from Petitioner's

employment of the descriptive word *Stronghold* (Br., p. 4) and

(2) "Respondent has never used the word Stronghold in a descriptive manner". (Br., p. 6.)

No elaborate argument is necessary to refute the import of these misstatements. The Record itself (R. 26, 41, 45, 51, 72, 257, 269, 271, 274, 275, 300, 304, 308, 312, 313), the Trial Court's Findings (Findings 8, 9, 10, 11, R. 448-9), and the Exhibits appearing in the Appendices of Petitioner's Brief and Respondent's Reply Brief prove that Respondent did use the word *Stronghold* descriptively.

As to the existence of confusion, the Trial Court specifically found that there was no confusion in the trade. (Findings 18, 19, 20, R. 450.) These findings are amply supported in the Record. In fact, Respondent's own officers admitted unequivocally *before the trial judge* that they knew of no business misdirected because of Petitioner's employment of the descriptive word *Stronghold*. (R. 260, 286.)

Respondent's Attempt to Distinguish the Cases Showing Conflict Among the Circuits and Departure from the Law of Supreme Court Cases Misconceives the Meaning of the Earlier Decisions.

Petitioner has cited the *Trinidad*[2] and *Warner*[3] decisions to demonstrate that the Court of Appeals has departed from trade-mark law as expounded by this Court, and *Rosenberg*[4] and *Computing Scale Co.*,[5] to demonstrate con-

2. *Standard Paint Co.* v. *Trinidad Asphalt Mfg. Co.* (1911), 220 U. S. 446.

3. *William R. Warner & Co.* v. *Eli Lilly & Co.* (1924), 265 U. S. 526.

4. *Rosenberg et al.* v. *Shakeproof Lock Washer Mfg. Co.* (C. A. 3, 1938), 100 F. 2d 811.

5. *Computing Scale Co.* v. *Standard Computing Scale Co., Ltd.* (C. A. 6, 1902), 118 F. 965.

flicts with other Circuits on the law of descriptive trademarks.

Respondent does not traverse our interpretation of these cases but attempts to distinguish them on the facts. The distinctions fail because (1) the cited cases are not controlled by unusual fact situations and (2) Respondent's analysis of the facts here do not reflect the full Record. Since the cases cannot be so distinguished, the Court of Appeals' opinion departs considerably from the law as decided by this Court and conflicts in principle with opinions rendered on similar questions by the other circuits.

Respondent seeks the best of both worlds by declaring at page 4 of his Brief, that the Court of Appeals "did not disturb many of the basic Fact Findings of Judge Perry," and on page 18 that "the Court of Appeals properly reversed the judgment of the District Court which was based upon Findings clearly erroneous." As demonstrated by the foregoing references to the Record, the Findings of Fact, and the Appendix to Petitioner's first Brief, the Trial Court's Findings were not only not clearly erroneous, but were clearly supported in the Record.

More importantly, this blatant inconsistency does not address the problem of improper construction of Rule 52(a) or the broader issues of law presented by this Petition.

Respondent Discloses, in Its Argument by Implication, an Additional Conflict and Confusion as to Whether Failure By the Patent Office to Require Disclaimer of a Single Component Word in Complex Trade-Mark Establishes Presumption of Non-Descriptiveness.

Respondent's devious argument by innuendo compels Petitioner to discuss yet another conflict of the Court of Appeals' decision with that of another circuit. In so argu-

ing, Respondent obligingly corroborates Petitioner's demonstration of confusion in the field of trade-mark law.

Respondent boasts that in registering its complex logotype

> "No requirement was made by the Patent Office to disclaim the word *Stronghold* as being descriptive." (Br., p. 2.)

and the Court of Appeals was impressed by the point. (R. 464.)

But registration in the Patent Office establishes no conclusive presumption that a component word in a complex mark is not descriptive.

Let the issue be clear. Respondent registered an extremely complex trade-mark containing the word *Stronghold* as merely one of many components. (Pet. Br., p. 2.) But Respondent may not justify its attempted monopoly of a descriptive word by failure of the Patent Office to require a disclaimer of the single word *Stronghold*.

In *Fawcett Publications* v. *Bronze Publications* (C. A. 5, 1949), 173 F. 2d 778, plaintiff registered the phrase "True Confessions" as a trade-mark. In an infringement action against the publishers of "Bronze Confessions", plaintiff alleged that the word "Confessions" constituted the dominant feature of its mark—precisely as Respondent now asserts the word *Stronghold* to be the dominant feature of its complex mark. But the Court of Appeals for the Fifth Circuit rightly declared at p. 779:

> "* * * plaintiff's trade-mark, 'True Confessions', *did not contemplate or grant any exclusive right to the use of its* **component words,** 'Confessions', there being no deception or fraud on the public shown." (Emphasis added.)

Here again is an area of confusion in trade-mark law. Justice requires that trade-mark cases be decided in the

clear light of settled law, not in the darkness of ambiguity and contradiction.

The Court of Appeals for the Seventh Circuit in Trade-Mark (and Patent) Cases Has Grafted an Addition on Rule 52(a) in a Manner Which Should Be Repudiated by This Court.

Unwittingly, perhaps, Respondent has glaringly exposed another issue which this Court should decide. That question is whether Rule 52(a) means what it says in forbidding the Appellate Courts the power to reverse Findings of Fact not clearly erroneous.

Respondent quotes (Br., p. 18) the *Benrose* case to support its contention that,

> "* * * if findings rest upon documents, depositions or upon mere comparison of names, *if credibility of witnesses is not involved,* or if the trial tribunal had no opportunity to observe the witnesses, a court of review is as well qualified to pass upon the weight of evidence as is the trial court. * * *."[6] (Emphasis added.)

This exception was not in Rule 52(a) as promulgated by this Court. Rather, it has been engrafted by judicial legislation and employed as a justification of the upsetting of fact findings made by the District Judge. Its application in the totally documentary case might be proper, but considering it in a case such as the present, where witnesses of questionable veracity were heard, is certainly a contravention of the letter and spirit of the Rule as promulgated.

This free and loose manipulation of Rule 52(a) in patent cases in the Seventh Circuit has evoked law review comment.[7]

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6. *Benrose Fabrics Corp.* v. *Rosenstein* (C. A. 7, 1951), 183 F. 2d 355, 358.

7. 43 Ill. L. Rev. 535-540, Sept.-Oct., 1948.

Respondent's reliance on this interpretation of Rule 52(a) is unwarranted by the further reasons that:

(1) The Court of Appeals did not reverse, but affirmed, in the *Benrose* case, so that the statement supporting Respondent's position is unadulterated dictum;

(2) This particular case falls outside any spurious exceptions to Rule 52(a) as formulated by the Court of Appeals in the *Benrose* case. Some of the proof here consisted of testimony and letters which smack of contrived evidence. The demeanor of witnesses was therefore of prime importance; and the findings of the trial judge which reflect his estimate of the credibility of those witnesses, must not be disturbed.

This Court Should Spell Out Definitely the Test of Infringement Under the Lanham Act.

The Lanham Act speaks of infringement as:

"* * * reproduction, counterfeit, copy, or colorable imitation * * *."[8]

Standing alone, these words are meaningless.

Q-Tips Inc. v. *Johnson & Johnson*,[9] now before this Court on a Petition for Certiorari,[10] indicates that the test is one of "confusing similarity." But this test provides further ambiguity.

Some courts have held that they may decide *in vacuo* the *likelihood* of confusion between two marks by mere side-by-side comparison without regard to actual experience in the market place. On the other hand, in *Harad, et al.* v.

8. 15 U. S. C., § 1114(1).

9. *Q-Tips, Inc.* v. *Johnson & Johnson* (C. A. 3, 1953), 206 F. 2d 144, 147.

10. Docket No. 288.

Sears, Roebuck & Co.,[11] now pending in this Court,[12] the Court of Appeals for the Seventh Circuit found non-infringement *despite proved confusion*. This double standard in a single Circuit compounds the confusion in the law.

What, then, is the test of trade-mark infringement? What is to be regarded as the authoritative interpretation of this section of the Lanham Act? Must a registrant prove at least one instance of actual confusion? Such a test would be more objective and in that sense superior to completely uncircumscribed judicial discretion. Whatever test is correct, this Court should declare.

Respondent asserts that it is entitled to monopoly rights in the word *Stronghold* because other "suggestive" words are available to describe strong-holding fastener products. But this is no test. The existence of *thousands* of synonyms would not alter the basic fact that "Stronghold" itself is descriptive, and therefore available to anyone.[13] There were other words available to defendants such as Shakeproof in the "Self-Tapping" case, but this was not permitted to justify monopoly rights in *Rosenberg*.[14]

Assuming "suggestive" synonyms are available, competitors are not forbidden to use a given descriptive word.

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11. (C. A. 7, 1953), 204 F. 2d 14, 19.

12. Docket No. 374.

13. See *Du Pont Cellophane Co.* v. *Waxed Products Co.* (C. A. 2, 1936), 85 F. 2d 75, 80; *Kellogg Co.* v. *National Biscuit Co.* (1938), 305 U. S. 111, 121, (fact that other functional designs of shredded wheat biscuit available is immaterial).

14. *Rosenberg et al.* v. *Shakeproof Lock Washer Co.* (C. A. 3, 1938), 100 F. 2d 811.

This Court Should Decide Whether the Lanham Act Has Established a National Law of Unfair Competition or Whether Erie v. Tompkins Is Controlling.

At least one distinguished judge[15] and an eminent legal scholar[16] have suggested that the Lanham Act has created a national law of Unfair Competition. Other courts have queried the possibility,[17] including the judge who wrote the Court of Appeals' opinion in this case.[18]

The *Erie* rule requires each Federal Court to apply the law of the state of trial. In most states, including Illinois, this requires reference to the law of unfair competition in each of the forty-eight states![19]

Petitioner urges that the *Erie* rule requires application of the Illinois law of unfair competition here. (Br., pp. 17-20.) The Court of Appeals has erroneously refused to apply Illinois law as laid down in the latest Illinois case, *Good Housekeeping Shops, Inc.* v. *Hyman Kaye and Harry Cohen,* 330 Ill. App. 376, and as laid down in its own decisions in *General Industries Co.* v. *20 Wacker Drive Bldg. Corp.* (C. A. 7, 1946), 156 F. 2d 474, and *Wilhartz* v. *Turco Products, Inc.* (C. A. 7, 1947), 164 F. 2d 731.

This case indicates the compelling necessity of an authoritative statement of the law in this field.

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15. Judge Clark, dissenting in *Hyde Park Clothes, Inc.* v. *Hyde Park Fashions, Inc.* (C. A. 2, 1953), 204 F. 2d 223, 226-7.

16. Prof. Charles Bunn, "The National Law of Unfair Competition," 62 Harv. L. Rev. 987 (1949).

17. Judge Wyzanski in *National Fruit Products Co.* v. *Dwinell-Wright Co.* (D. Mass. 1942), 47 F. Supp. 499, 504.

18. The Court of Appeals found Prof. Bunn's conclusion that a national law of unfair competition has been established "quite persuasive" in *Radio Shack Corp.* v. *Radio Shack, Inc.,* (C. A. 7, 1950), 180 F. 2d 200, 202.

19. *Pecheur Lozenge Co.* v. *National Candy Co.,* (1942), 315 U. S. 666.

This Court Should Repudiate the Loose Concept of "Old-Fashioned Honesty" as a Stranger to the Federal Law of Trade-Marks.

The Court of Appeals bottomed its opinion on an undefined doctrine of "old-fashioned honesty." Like motherhood and the home, "old-fashioned honesty" is a symbol deserving of universal approbation. But the courts are experiencing sufficient difficulty in applying the prevailing law to the present business complex. The introduction of this nebulous concept does not alleviate the difficulty, but tends to deepen it.

This slogan of "old-fashioned honesty" is a relatively recent intruder into federal trade-mark law.[20] It must not be permitted to acquire an aura of respectability or standing such that it can be used further to confuse the law.

If the maxim "Government of laws and not of men" is meaningful at all, certain restraints on judicial discretion must be respected in trade-mark law, where discretion is, at best, necessarily wide.

Summary.

Respondent has registered in the Patent Office a complicated trade-mark including the descriptive word *Stronghold* as one constituent part. Respondent has applied the word *Stronghold* descriptively to its fastener products. Years later, Respondent asserts monopoly rights to the descriptive word alone.

To permit usurpation of this descriptive word is to reverse the leading cases decided in this Court. It also places the Courts of Appeal in conflict with the criterion of descriptiveness.

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20. Apparently its first appearance in federal courts was made in *Radio Shack Corp.* v. *Radio Shack, Inc.* (C. A. 7, 1950), 180 F. 2d 200, 206).

Most importantly, this case and the other trade-mark cases now pending in this Court present issues of law upon which confusion is rampant. The resolution of this confusion will powerfully affect American business and industry.

Seldom has a case or set of cases afforded such a supreme opportunity for a comprehensive and authoritative statement of the law. Seldom has such clarification and restatement been more necessary.

Conclusion.

WHEREFORE, Petitioner respectfully prays that a Writ of Certiorari be granted.

Respectfully submitted,

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October 22, 1953.